



U.S. Department of Education Program Development Division

Return of Title IV Funds (formerly refunds)

Direct Loan Conference March 1-3, 2000

Return of Title IV funds

- Sec. 485 of the Higher EducationAmendments of 1998 (P.L. 105-244)
- Sec. 484B of the HEA of 1965, as amended
- Statute enacted Oct., 7, 1998
- NPRM published August 6, 1999
- Final Reg published November 1, 1999
- Effective Date of reg July 1, 2000



Simply Stated:

If a recipient of Title IV aid withdraws during a payment period (or a period of enrollment), the institution must calculate the amount of Title IV aid the student did not earn. Unearned Title IV funds must be returned to the Title IV programs.

New Approach

Old approach

- dictated use of specific refund policies.
- determined amount of institutional charges that a school had earned and not earned.

New approach

 determines amount of Title IV aid a student has earned, the unearned portion is returned



What happens when a student withdraws?

- Determine withdrawal date.
- Determine amount student earned.
 - Don't include FWS or the non-Federal share of FSEOG
 - Include amounts that were or could have been disbursed.
- Return unearned funds to Title IV programs
 or
 pay student post-withdrawal disbursement.



Withdrawal Date (attendance taking not required)

- Date student began withdrawal process,
- Date student otherwise provided official notification,
- Mid-point of PP or Period of Enrollment,
- Date institution determines illness, accident, grievous personal loss, etc. occurred,
- Date of leave of absence, or
- Last date at an academically related activity.



Withdrawal date √institution required to take attendance)

- Last date as determined by attendance records
- Institution must document withdrawal date
- Required = required by outside entity, e.g.,
 - accrediting agency, or
 - state agency
- Applicable to those who cease attendance or
 do not return from leave of absence



Calculation of Amount of Aid to Be Returned

- Multiply the % of the payment period or period of enrollment completed (or 100% once the student completes >60%) X the aid that was disbursed or could have been disbursed. This is the earned amount.
- Subtract the earned amount from the aid disbursed as of the date of the institution's determination that the student withdrew.



Crediting the Student's Account

- Institution may credit the student's account, without permission, to satisfy charges (prior to the withdrawal) for
 - Tuition & fees
 - Board, if contracted with the school
 - Room, if contracted with the school
- After obtaining authorization, may credit
 - current charges for educationally related activities
 - minor prior year charges that are
 - either less than \$100, or
 - if paid, will not prevent the payment of current educational costs

Payment Period or Period of Enrollment

- For a standard term-based program, use payment period.
- For a non-term based or non-standard term program, use payment period (PP) or period of enrollment (POE).
- For a non-term or non-standard term based program, an institution must consistently use either a PP or POE for all students (in a category) in a particular program.

Percentage of Payment Period or Period of Enrollment Completed

For credit hour programs, it =

calendar days* completed calendar days* in the period

* except scheduled breaks of 5 consecutive days or more

Percentage of Payment Period or Period of Enrollment Completed

For clock hour programs, it =

clock hours completed clock hours in the period *OR*

clock hours scheduled clock hours in the period (if $\geq 70\%$)

Note: Excused absences are NOT counted in the 70%



Return of Unearned Aid

Institution returns the **lesser** of ---

- 1.) amount disbursed
 - amount earned

(or)

- 2.) institutional charges
 - x percentage not earned



Institutional Charges

- For a non-term program, where the treatment of Title IV aid is calculated on a PP basis, but the institutional charges are for a period longer than the PP
 - the amount of institutional charges incurred for the PP is the greater of --
 - -- the pro-rated amount of the charges, or
 - --the amount of Title IV aid retained for institutional charges.



Student Responsibility

- Total amount of unearned Title IV aid
 - amount institution is required to return
 - = amount for which the student is responsible
 - Student returns his or her share to --
 - Title IV loan programs in accordance with the terms of the loan
 - Title IV grant programs as an overpayment (only up to 50% of the amount of the overpayment).



Student Responsibility

- Student Responsibility (cont'd)
 - Title IV grant overpayment
 - Student remains eligible for Title IV aid through 45 days, if the student
 - repays the overpayment in full to the institution,
 - makes repayment arrangements satisfactory to the institution, or
 - signs a repayment agreement with the Secretary which will include terms that permit continued eligibility while in repayment.



Student Responsibility

- Student in overpayment remains eligible
 - (generally) for 45 days

or

- until he fails to meet terms of repayment agreement beyond the 45 days, if he
 - repays in full

or

 enters into repayment agreement with either the institution or the secretary.



Order of Return of Title IV funds

- 1. Loans
 - Fed. Unsubsidized
 - Fed. Subsidized
 - Federal Perkins
 - Federal PLUS

- 2. Grants (& Other)
 - Federal Pell
 - FSEOG
 - Other Title IV
- Institution must return the funds ASAP,
 - but no later than 30 days after the institution determines the withdrawal date



Rescinding Withdrawal

- Institution's choice
- Written notice required of student that
 - he is continuing in academic activities, and
 - intends to complete the period.
- Negated if student subsequently ceases to attend prior to the end of
 - the payment period or
 - the period of enrollment.



Post-Withdrawal Disbursement

- May credit for institutional charges
- For loan funds to be credited notify borrower and borrower can cancel loan
- If not credited offer to student (with written notification) within 30 days of institution's determination of withdrawal.
- Student has 14 days to accept but school can choose to make disbursement after that, if there is a late acceptance.



Post-Withdrawal Disbursement

- The written notification ---
 - identifies the title IV funds not credited to account,
 - explains the ability of the student to accept or decline, and
 - advises about the 14 day deadline for the student to respond. (Then 90 days to disb.)
- Electronic or written notification regarding the outcome of a post-withdrawal disbursement request.

Approved Leave of Absence

- Only one in 12 months (except for LOA's granted for
 - military reasons,
 - under the Family and Medical Leave Act of 1993,
 - for jury duty),
- Subsequent leave for unforeseen circumstances (up to 30 days),
- Total leave days cannot exceed 180,
- Formal policy that the student and institution followed



Leave of Absence (con't)

- Reasonable expectation that the student will be able to return (and the student must return by the end of the leave of absence or the student is treated as a withdrawal),
- No additional institutional charges, and
- The student is permitted to complete the coursework.
- Must tell Title IV loan recipient that failure to return will affect grace period.



Determination of Withdrawal Date

- Institution must determine the withdrawal date (for a student who does not provide notification)
 - no later than 30 days after the expiration of the earlier of --
 - the Payment Period or Period of Enrollment
 - the academic year, or
 - the educational program.

Consumer Information

- Institution must provide information about the return of title IV funds when a student withdraws per S 668.44 (.43 in new regs).
- S 668.43 requires information about ---
 - any refund policy with which the institution is required to comply,
 - requirements for officially withdrawing,
 - summary of requirements of S 668.22.



Definitions

"Could have been disbursed" =

late disbursement provisions of 668.164(g)

- received SAR/ISIR w/ EFC
- FFEL/DL loan was certified/originated
- Federal Perkins/FSEOG aid was awarded
- "Period of enrollment" = academic period for which charges are assessed, i.e., the program or academic year



Definitions (con't)

"Date institution determines withdrawal"(when student provides notification) =

the later of

- -- the withdrawal date **or**
 - -- the date of notification of withdrawal.

(student does not provide notification) = the date the institution becomes aware that the student ceased attendance.

Definitions (con't)

- "Date institution determines withdrawal" (when student does not return from leave of absence) =
 - the date the leave began (at an institution not required to take attendance), or
 - the last date of attendance (at an institution required to take attendance).

Definitions (con't)

"Date institution determines withdrawal"

(for a student whose rescission of his notification to withdraw is negated by the fact that he subsequently stops attending the institution) =

 the date the institution becomes aware that the student did not or will not complete the Payment Period or Period of Enrollment



R2T4 software

- Stand-alone PC or network capable
- Down-loadable from IFAP
- Set up school profile for all programs, costs, etc., and academic calendar
- Perform calculations on individual students
- Track Post-Withdrawal Disbursement notification



R2T4 software

- Available in Spring, 2000.
- Financial Aid community involvement in design and testing.
- Use of the software is not required.
- Software is free!

R2T4 software implementation

- Step 1 Read the materials
- Step 2 Install the software
- Step 3 Plan the school calendar profile screens
 - minimal # that you can modify or a profile for each program offered
- Step 4 Program Inst. Charges screens
 - standard costs can change at the student record level (see 1/7/99 Guidance on IFAP)

R2T4 software implementation

- Step 5 Student records
- IMPORTANT NOTE: Once a student record is associated with a School Calendar Profile, the record cannot be deleted.
- Take time to carefully plan and test



Return of Title IV Training Opportunities

- Programs like this.
- Spring, 2000 Federal aid training (Feb.-May). Be sure your institution is represented at these sessions. This is an excellent means to insure that your institution is considering the issues for the Oct. 7, 2000 mandatory implementation date of the new provisions of return of TIV.
- DPL on return issues. Spring, 2000.



Return of Title IV Training Opportunities

- Each participant works through a variety of calculations, establishing the new conceptual framework.
- This will include a preview of the R2T4 software and how it will operate.
- The manuals will cover this and four other reauthorization issues pertinent to your campus.



QUESTIONS ??

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Thanks!

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